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January 20, 2022


Charter School Board  
Montessori Academy at Geist, Inc.  
6058 W 900 N  
McCordsville, IN 46055

We have reviewed the audit report of Montessori Academy at Geist, Inc. which was opined upon by CliftonLarsonAllen LLP, Independent Public Accountants, for the period July 1, 2020 to June 30, 2021. Per the *Independent Auditors' Report* the financial statements included in the report present fairly the financial condition of Montessori Academy at Geist, Inc. as of June 30, 2021 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, CliftonLarsonAllen LLP prepared the audit report in accordance with guidelines established by the State Board of Accounts.

In addition to the report presented herein, a Supplemental Audit Report for Montessori Academy at Geist, Inc. was prepared in accordance with the guidelines established by the State Board of Accounts.

The Financial Statements and Independent Auditors' Report and the Supplemental Audit Report are filed in our office as a matter of public record.

  
Paul D. Joyce, CPA  
State Examiner

**MONTESSORI ACADEMY AT GEIST, INC.  
AND GMA HOLDING, LLC**

**CONSOLIDATED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**YEARS ENDED JUNE 30, 2021 AND 2020**



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**MONTESSORI ACADEMY AT GEIST, INC.  
AND GMA HOLDING, LLC  
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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Montessori Academy at Geist, Inc.  
and GMA Holding, LLC  
McCordsville, Indiana

### **Report on the Financial Statements**

We have audited the accompanying consolidated financial statements of Montessori Academy at Geist, Inc. and GMA Holding, LLC, which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, and the related consolidated statements of activities and change in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

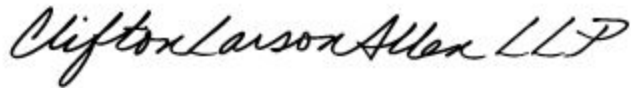
Board of Directors  
Montessori Academy at Geist, Inc.  
and GMA Holding, LLC

***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Montessori Academy at Geist, Inc. and GMA Holding, LLC as of June 30, 2021 and 2020, and the changes in its net assets, functional expenses, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Report on Supplementary Information**

The supplementary information is presented for the purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



**CliftonLarsonAllen LLP**

Indianapolis, Indiana  
November 19, 2021

**MONTESSORI ACADEMY AT GEIST, INC.  
AND GMA HOLDING, LLC  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2021 AND 2020**

<b>ASSETS</b>	2021	2020
<b>CURRENT ASSETS</b>		
Cash	\$ 559,403	\$ 891,615
Accounts Receivable:		
Grants	20,168	13,120
Other	19,439	19,439
Due from Affiliated Entity	-	50,265
Prepaid Expenses	18,099	18,389
Total Current Assets	617,109	992,828
<b>PROPERTY AND EQUIPMENT</b>		
Land	546,248	546,248
Construction in Progress	-	580,336
Building	6,526,560	5,843,916
Building Improvements	206,477	193,435
Furniture and Equipment	305,404	305,404
Textbooks	12,507	12,505
Less: Accumulated Depreciation	(660,135)	(479,871)
Property and Equipment, Net	6,937,061	7,001,973
 Total Assets	 \$ 7,554,170	 \$ 7,994,801
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Current Portion of Notes Payable	\$ 362,301	\$ 354,899
Accounts Payable and Accrued Expenses	123,277	141,661
Due to Affiliated Entity	-	18,379
Total Current Liabilities	485,578	514,939
<b>LONG-TERM LIABILITIES</b>		
Payroll Protection Program Loan	300,000	300,000
Notes Payable, Net of Current Portion	5,015,772	5,518,446
Less: Unamortized Debt Issuance Costs	(46,255)	(64,756)
Total Long-Term Liabilities, Net of Unamortized Debt Issuance Costs	5,269,517	5,753,690
 Total Liabilities	 5,755,095	 6,268,629
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<b>1,799,075</b>	<b>1,726,172</b>
 Total Liabilities and Net Assets	 \$ 7,554,170	 \$ 7,994,801

See accompanying Notes to Consolidated Financial Statements.

**MONTESSORI ACADEMY AT GEIST, INC.  
AND GMA HOLDING, LLC  
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS  
YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>REVENUE AND SUPPORT</b>		
State Education Support	\$ 1,727,232	\$ 2,262,845
Grant Revenue	415,710	408,265
Student Fees	35,348	71,587
Contribution Income	2,805	6,309
Other Income	237,110	100,109
Total Revenue and Support	<u>2,418,205</u>	<u>2,849,115</u>
<b>EXPENSES</b>		
Program Services	1,514,932	1,943,600
Management and General	830,370	757,394
Total Expenses	<u>2,345,302</u>	<u>2,700,994</u>
<b>CHANGE IN NET ASSETS</b>	72,903	148,121
Net Assets - Beginning of Year	<u>1,726,172</u>	<u>1,578,051</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 1,799,075</u>	<u>\$ 1,726,172</u>

See accompanying Notes to Consolidated Financial Statements.

**MONTESSORI ACADEMY AT GEIST, INC.  
AND GMA HOLDING, LLC  
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES  
YEARS ENDED JUNE 30, 2021 AND 2020**

	2021			2020		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Salaries and Wages	\$ 945,403	\$ 292,031	\$ 1,237,434	\$ 1,157,149	\$ 221,045	\$ 1,378,194
Employee Benefits	136,931	52,317	189,248	132,301	23,271	155,572
Professional Services	225,076	93,959	319,035	211,895	115,297	327,192
Authorizer Oversight Fees	-	42,360	42,360	-	66,317	66,317
Food Costs	1,302	-	1,302	1,225	-	1,225
Property Rental and Equipment	43,483	-	43,483	28,053	-	28,053
Classroom, Kitchen, and Office Supplies	51,663	9,779	61,442	50,753	39,922	90,675
Occupancy	65,187	-	65,187	293,953	-	293,953
Depreciation	27,056	153,209	180,265	26,690	73,049	99,739
Insurance	-	45,545	45,545	-	26,853	26,853
Interest	-	128,300	128,300	-	165,035	165,035
Repairs and Maintenance	1,317	-	1,317	8,886	-	8,886
Information Technology	475	-	475	595	-	595
Student Transportation	-	-	-	6,745	-	6,745
Advertising	-	-	-	-	429	429
Other	17,039	12,870	29,909	25,355	26,176	51,531
<b>Total Functional Expenses</b>	<b>\$ 1,514,932</b>	<b>\$ 830,370</b>	<b>\$ 2,345,302</b>	<b>\$ 1,943,600</b>	<b>\$ 757,394</b>	<b>\$ 2,700,994</b>

See accompanying Notes to Consolidated Financial Statements.

**MONTESSORI ACADEMY AT GEIST, INC.  
AND GMA HOLDING, LLC  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 72,903	\$ 148,121
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	180,265	99,739
Amortization	18,501	18,501
Changes in Operating Assets and Liabilities:		
Grants Receivable	(7,048)	10,880
Other Receivable	-	(20)
Due from/to Affiliated Entity	31,886	(32,731)
Prepaid Expenses	290	(6,389)
Security Deposit	-	11,000
Accounts Payable and Accrued Expenses	(18,384)	39,161
Deferred Revenue	-	(54,965)
Net Cash Provided by Operating Activities	278,413	233,297
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Construction in Progress Payments	-	(511,121)
Purchases of Property and Equipment	(115,353)	(3,771,605)
Net Cash Used by Investing Activities	(115,353)	(4,282,726)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal Payments of Notes Payable	(495,272)	(262,681)
Issuance of Notes Payable	-	4,800,000
Net Cash Provided (Used) by Financing Activities	(495,272)	4,537,319
<b>NET CHANGE IN CASH</b>	(332,212)	487,890
Cash - Beginning of Year	891,615	403,725
<b>CASH - END OF YEAR</b>	\$ 559,403	\$ 891,615
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash Paid for Interest	\$ 128,300	\$ 165,035

See accompanying Notes to Consolidated Financial Statements.

**MONTESSORI ACADEMY AT GEIST, INC.  
AND GMA HOLDING, LLC  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**General**

Montessori Academy at Geist, Inc. (GMA) is a public benefit nonprofit organization incorporated under the laws of the state of Indiana. GMA operates a public charter school established under Indiana Code 20-24 and is sponsored by Ball State University. During the 2020-2021 school year, GMA served approximately 267 students in grades preschool to eight by providing an alternative to the traditional public schools.

Effective December 26, 2018, GMA formed GMA Holding, LLC, a wholly owned subsidiary of the School. GMA Holding, LLC was established to own land and construct a school building for use by the School. During the year ended June 30, 2019, GMA Holding, LLC began construction of the new school facility. As of June 30, 2021 and 2020, construction in progress totaled \$-0- and \$580,336, respectively. Total project cost, including land, was approximately \$7,000,000. The School moved into the building in November and December 2019.

**Principles of Consolidation**

The accompanying consolidated financial statements include the accounts of Montessori Academy at Geist, Inc. and GMA Holding, LLC, collectively referred to as the "School." All significant intercompany transactions and balances have been eliminated in consolidation.

**Accounting Estimates**

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

**Revenue Recognition**

Revenues primarily come from resources provided under the Indiana Charter Schools Act. Under the Act, the School receives an amount per student in relation to the funding received by other public schools in the same geographic area. Funding from the state of Indiana is based on enrollment, and paid in monthly installments in July through June coinciding with the academic school year. Revenue is recognized in the year in which the educational services are rendered.

A portion of the School's revenue is the product of cost reimbursement grants. Therefore, the School recognizes revenue under these grants in the amounts of costs and expenses at the time they are incurred. As of June 30, 2021 and 2020, the School does not have any conditional grants that have not been recognized as revenue in the statement of activities because conditions have not been met.

Revenue from student fees is recognized when the control of the promised good or service is transferred to the student, in an amount that reflects the consideration expected to be entitled in exchange for those goods or services.

**MONTESSORI ACADEMY AT GEIST, INC.  
AND GMA HOLDING, LLC  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Cash and Equivalents**

Cash consists of cash held in bank accounts and cash equivalents consists of short-term, highly liquid investment with original maturities of three months or less. There were no cash equivalents at June 30, 2021 and 2020.

**Grants Receivable and Revenue**

Grants receivable and revenue relate primarily to activities funded under federal programs. The School believes that it is operating in compliance with regulatory requirements and as such no allowance for doubtful accounts is deemed necessary.

**Other Accounts Receivable**

Other accounts receivable relate to student fees. The School believes that all amounts are collectible, thus an allowance for doubtful accounts is not deemed necessary.

**Contributions, Grants, and Fees**

The School receives income from contributions, student fees, and fundraising events that support certain school activities. These receipts are reported as restricted support in that they are received with stipulations that limit their use. When a donor restriction expires, that is, when the purpose or time restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and change in net assets as net assets released from restrictions.

**Due from (to) Affiliated Entity**

The School paid expenses and salaries for the Geist Montessori Pre- Kindergarten (Pre-K) program, which was a separate entity from the School. Several times during the year, Pre-K paid the School the balance of the account. In addition, Pre-K's annual net revenues in excess of expenses was contributed to the School and reported in other income (\$-0- for 2020). As of June 30, 2020, Pre-K owed the School \$50,265 and the School owed Pre-K \$18,379. Effective March 31, 2021, the Pre-K was no longer regarded as a separate entity. As of March 31, 2021, the Pre-K owed the school \$4,849 and the School owed Pre-K \$-0-.

**Debt Issuance Cost**

During January 2019, GMA Holding, LLC entered into a construction loan agreement with First Financial Bank, with maximum borrowings of \$4,500,000. Total costs incurred to secure the financing were \$92,508. Amortization is provided on a straight-line basis over the term of the agreement (60 months). Accumulated amortization as of June 30, 2021 and 2020 was \$46,253 and \$27,752, respectively, and was included in construction in progress during the construction phase and interest expense thereafter. As provided by ASU 2015-03, *Simplifying the Presentation of Debt Issuance Costs*, debt issuance costs are presented as a direct deduction from the carrying amount of the related debt liability.

**MONTESSORI ACADEMY AT GEIST, INC.  
AND GMA HOLDING, LLC  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Taxes on Income**

Montessori Academy at Geist, Inc. has received a determination from the U.S. Treasury Department stating that it qualifies under the provisions of Section 501(c)(3) of the Internal Revenue Code as a tax-exempt organization. GMA Holding, LLC is in the process of applying for the provision of Section 501(c)(3) of the Internal Revenue Code as a tax-exempt organization. The School would be subject to tax on income unrelated to its tax-exempt purpose. For the years ended June 30, 2021 and 2020, no accounting for federal and state income taxes was required to be included in the accompanying consolidated financial statements.

Professional accounting standards require the School to recognize a tax liability only if it is more likely than not the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax liability that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely- than-not test, no tax liability is recorded. The School has examined this issue and has determined that there are no material contingent tax liabilities or questionable tax positions. The U.S. federal and state income tax returns of the School are subject to examination by the IRS and state taxing authorities, generally for three years after they were filed.

**Property and Equipment**

Purchases of assets and expenditures that materially increase value or extend useful lives are capitalized and are included in the accounts at cost. Routine maintenance and repairs, and minor replacement costs are charged to expense as incurred.

Depreciation is provided over the estimated useful lives of the respective assets using the straight-line method. The estimated useful lives generally are as follows:

Buildings	40 Years
Leasehold Improvements	9 to 12 Years
Furniture and Equipment	3 to 5 Years
Textbooks	3 Years

**Impairment of Long-Lived Assets**

On an ongoing basis, the School reviews its long-lived assets for impairment whenever events or circumstances indicate that the carrying amount may be overstated. The School recognizes impairment losses if the undiscounted cash flows expected to be generated are less than the carrying value of the related asset. If impaired, the assets are adjusted to fair value based on the undiscounted cash flows.

**MONTESSORI ACADEMY AT GEIST, INC.  
AND GMA HOLDING, LLC  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Recently Issued Accounting Pronouncements**

In February 2016, the FASB issued ASU 2016-02, *Leases*. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the balance sheet at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the income statement. ASU 2016-02 is effective for annual reporting periods beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. The Corporation is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

**Subsequent Events**

The School evaluated subsequent events through November 19, 2021, the date these consolidated financial statements were available to be issued. Events occurring through that date have been evaluated to determine whether a change in the consolidated financial statements or related disclosures would be required.

**NOTE 2 PAYROLL PROTECTION PROGRAM LOAN**

On April 17, 2020, the School received a loan from First Financial Bank in the amount of \$300,000 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP Loan). The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5) and was due over eighteen months, deferred for six months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the School fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program. To the extent that all or part of the PPP Loan is not forgiven, the Organization will be required to pay interest on the PPP Loan at a rate of 1.0% per annum, and commencing in November 2020, principal and interest payments were required through the maturity date in April 2022. As of July 26, 2021, the loan was fully forgiven and will be included in income for the next fiscal year.

**MONTESSORI ACADEMY AT GEIST, INC.  
AND GMA HOLDING, LLC  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 3 NOTES PAYABLE**

Notes payable were comprised of the following at June 30:

<u>Description</u>	<u>2021</u>	<u>2020</u>
Note payable to First Financial bank, payable in \$11,136 monthly installments plus interest at 4.95% with balloon payment of \$3,950,027 due January 2024.	\$ 4,178,320	\$ 4,455,456
Note payable to State Board of Education, payable \$109,068 semi-annually (January 1 and July 1) plus interest at 1% per annum. Due July 2026.	<u>1,199,753</u>	<u>1,417,889</u>
Total	5,378,073	5,873,345
Less: Current Portion	<u>(362,301)</u>	<u>(354,899)</u>
Long-Term Portion	<u>\$ 5,015,772</u>	<u>\$ 5,518,446</u>

The note payable to the State Board of Education is the result of the Common School Funds Charter School Innovation Fund Advancement program. This note is secured by the School's future tuition support payments on the School's basic grant.

As discussed in Note 1, during January 2019, GMA Holding, LLC entered into an agreement with First Financial Bank for a construction loan of \$4,500,000. Borrowings accrue interest at 2.00% above LIBOR (a total of 3.60% and 4.95% at June 30, 2021 and 2020, respectively). On February 1, 2020, the construction loan converted to a 48-month term note, using a 240-month amortization period. The loan is subject to certain covenants of which management believes it was in compliance or were waived at June 30, 2021.

Principal maturities of notes payable are as follows for the years ending June 30:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 362,301
2023	369,713
2024	4,100,717
2025	218,137
2026	218,137
Thereafter	109,068
Total	<u>\$ 5,378,073</u>

**MONTESSORI ACADEMY AT GEIST, INC.  
AND GMA HOLDING, LLC  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 4 LEASES**

The School leases certain items of office equipment under operating leases for terms from three to seven years with the leases expiring in 2023.

Future minimum lease obligations under noncancelable operating leases with initial lease terms in excess of one year are as follows for the years ending June 30:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 14,023
2023	1,169
Total	<u>\$ 15,192</u>

**NOTE 5 RETIREMENT PLAN**

The School provides retirement benefits covering substantially all full-time employees. Retirement benefits for teaching personnel are provided by the Indiana State Teachers' Retirement Fund (TRF) which is a cost-sharing multiple-employer defined benefit retirement plan governed by the state of Indiana and administered by the Indiana Public Retirement System (INPRS) Board. Contribution requirements of plan members are determined annually by the INPRS Board. For the years ended June 30, 2021 and 2020, the School contributed 5.5% of compensation for eligible teaching personnel. Should the School elect to withdraw from TRF, it could be subject to a withdrawal fee. The School's contributions represent an insignificant percentage of the total contributions received by TRF. As of June 30, 2020 (the latest year reported), TRF was approximately 102% funded.

Retirement benefits for School employees are provided under a Section 403(b) defined contribution retirement plan. Under the plan, the School matches 100% of each participant's contributions not to exceed 7% of compensation for the plan year. Additional contributions may be made to the plan at the discretion of the board of directors. No discretionary contributions were made in 2021 and 2020.

Retirement plan expense for the years ended June 30, 2021 and 2020 was \$38,006 and \$26,140, respectively.

**MONTESSORI ACADEMY AT GEIST, INC.  
AND GMA HOLDING, LLC  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 6 COMMITMENTS**

The School operates under a charter granted by Ball State University. As the sponsoring organization, Ball State University exercises certain oversight responsibilities. Under this charter, the School has agreed to pay to Ball State University an annual administrative fee equal to 3% of state tuition support received. Expense under this charter agreement was \$42,360 and \$66,317 for the years ended June 30, 2021 and 2020, respectively. The charter remains in effect until June 30, 2021, and is renewable thereafter by mutual consent.

**NOTE 7 RISKS AND UNCERTAINTIES**

The School provides educational instruction services to families residing in Hancock and surrounding counties in Indiana, and is subject to the risks of economic and competitive forces at work within this geographic area.

The majority of revenues relate to legislation enacted by the state of Indiana and grants awarded under federal programs. Changes in state or federal legislation could significantly affect the School. Additionally, the School is subject to monitoring and audit by state and federal agencies. Those examinations may result in additional liability to be imposed on the School.

Financial instruments that potentially subject the School to concentrations of credit risk consist principally of receivables from the state of Indiana and cash deposits. Cash deposits are maintained at First Financial Bank and are insured up to the FDIC insurance limit. From time to time during the year the School's deposit accounts exceed this limit.

During the year ended June 30, 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the School, COVID-19 has impacted various parts of its 2020 and 2021 operations and financial results. For the year ended June 30, 2021, the School operated with a hybrid learning model allowing students to enroll remotely and in person. Management believes the School is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are ongoing and are still developing.

**MONTESSORI ACADEMY AT GEIST, INC.  
AND GMA HOLDING, LLC  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 8 LIQUIDITY**

Under ASU 2016-14, the School is required to disclose the assets it has available to meet its cash needs for general expenditures within one year of the date of the consolidated statement of financial position. Financial assets for the School include cash, grants receivables, and accounts receivables.

	<u>2021</u>	<u>2020</u>
Financial Assets	\$ 599,010	\$ 974,439
Less: Those Unavailable for General Expenditures Within One Year	<u>-</u>	<u>-</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 599,010</u>	<u>\$ 974,439</u>

From time to time, the School receives donor restricted contributions. Because donor restrictions require resources to be used in a particular manner or in a future period, the School must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the School's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

**NOTE 9 FUNCTIONAL EXPENSE REPORTING**

The costs of providing the educational activities have been summarized on a functional basis in the consolidated statements of activities and change in net assets. Management of the School has categorized expenses as program services or management and general according to the underlying nature of the expense. As such, no allocation of specific transactions between these categories was required.

## **SUPPLEMENTARY INFORMATION**

**MONTESSORI ACADEMY AT GEIST, INC.  
AND GMA HOLDING, LLC  
CONSOLIDATING STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2021  
(SEE INDEPENDENT AUDITORS' REPORT)**

	Montessori Academy at Geist, Inc.			GMA	Eliminations	Total
	School	Pre-K	Total	Holding, LLC		
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash	\$ 401,737	\$ -	\$ 401,737	\$ 157,666	\$ -	\$ 559,403
Accounts Receivable:						
Grants	20,168	-	20,168	-	-	20,168
Other	19,439	-	19,439	-	-	19,439
Due from Affiliated Entity	2,824,025	44,254	2,868,279	-	(2,868,279)	-
Prepaid Expenses	18,099	-	18,099	-	-	18,099
Total Current Assets	<u>3,283,468</u>	<u>44,254</u>	<u>3,327,722</u>	<u>157,666</u>	<u>(2,868,279)</u>	<u>617,109</u>
<b>PROPERTY AND EQUIPMENT</b>						
Land	-	-	-	546,248	-	546,248
Construction in Progress	-	-	-	-	-	-
Building	-	-	-	6,526,560	-	6,526,560
Leasehold Improvements	206,477	-	206,477	-	-	206,477
Furniture and Equipment	305,404	-	305,404	-	-	305,404
Textbooks	12,507	-	12,507	-	-	12,507
Less: Accumulated Depreciation	(433,877)	-	(433,877)	(226,258)	-	(660,135)
Property and Equipment, Net	<u>90,511</u>	<u>-</u>	<u>90,511</u>	<u>6,846,550</u>	<u>-</u>	<u>6,937,061</u>
Total Assets	<u>\$ 3,373,979</u>	<u>\$ 44,254</u>	<u>\$ 3,418,233</u>	<u>\$ 7,004,216</u>	<u>\$ (2,868,279)</u>	<u>\$ 7,554,170</u>
<b>LIABILITIES AND NET ASSETS</b>						
<b>CURRENT LIABILITIES</b>						
Current Portion of Notes Payable	\$ 218,137	\$ -	\$ 218,137	\$ 144,164	\$ -	\$ 362,301
Accounts Payable and Accrued Expenses	104,333	-	104,333	18,944	-	123,277
Due to Affiliated Entity	44,254	-	44,254	2,824,025	(2,868,279)	-
Total Current Liabilities	<u>366,724</u>	<u>-</u>	<u>366,724</u>	<u>2,987,133</u>	<u>(2,868,279)</u>	<u>485,578</u>
<b>LONG-TERM LIABILITIES</b>						
Payroll Protection Program Loan	300,000	-	300,000	-	-	300,000
Notes Payable, Net of Current Portion	981,616	-	981,616	4,034,156	-	5,015,772
Less: Unamortized Debt Issuance Costs	-	-	-	(46,255)	-	(46,255)
Total Long-Term Liabilities, Net of Unamortized Debt Issuance Costs	<u>1,281,616</u>	<u>-</u>	<u>1,281,616</u>	<u>3,987,901</u>	<u>-</u>	<u>5,269,517</u>
Total Liabilities	<u>1,648,340</u>	<u>-</u>	<u>1,648,340</u>	<u>6,975,034</u>	<u>(2,868,279)</u>	<u>5,755,095</u>
<b>NET ASSETS WITHOUT DONOR RESTRICTION</b>	<u>1,725,639</u>	<u>44,254</u>	<u>1,769,893</u>	<u>29,182</u>	<u>-</u>	<u>1,799,075</u>
Total Liabilities and Net Assets	<u>\$ 3,373,979</u>	<u>\$ 44,254</u>	<u>\$ 3,418,233</u>	<u>\$ 7,004,216</u>	<u>\$ (2,868,279)</u>	<u>\$ 7,554,170</u>

**MONTESSORI ACADEMY AT GEIST, INC.  
AND GMA HOLDING, LLC  
CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS  
YEAR ENDED JUNE 30, 2021  
(SEE INDEPENDENT AUDITORS' REPORT)**

	Montessori Academy at Geist, Inc.			GMA Holding, LLC	Eliminations	Total
	School	Pre-K	Total			
<b>REVENUE AND SUPPORT</b>						
State Education Support	\$ 1,727,232	\$ -	1,727,232	\$ -	\$ -	\$ 1,727,232
Grant Revenue	415,710	-	415,710	-	-	415,710
Student Fees	35,348	-	35,348	-	-	35,348
Contributions	2,805	-	2,805	-	-	2,805
Other Income	42,351	194,759	237,110	372,000	(372,000)	237,110
Total Revenue and Support	<u>2,223,446</u>	<u>194,759</u>	<u>2,418,205</u>	<u>372,000</u>	<u>(372,000)</u>	<u>2,418,205</u>
<b>EXPENSES</b>						
Program Services	1,736,427	150,505	1,886,932	-	(372,000)	1,514,932
Management and General	559,483	-	559,483	270,887	-	830,370
Total Expenses	<u>2,295,910</u>	<u>150,505</u>	<u>2,446,415</u>	<u>270,887</u>	<u>(372,000)</u>	<u>2,345,302</u>
<b>CHANGE IN NET ASSETS</b>	(72,464)	44,254	(28,210)	101,113	-	72,903
Net Assets - Beginning of Year	<u>1,798,103</u>	<u>-</u>	<u>1,798,103</u>	<u>(71,931)</u>	<u>-</u>	<u>1,726,172</u>
<b>NET ASSETS - END OF YEAR</b>	<u><u>\$ 1,725,639</u></u>	<u><u>\$ 44,254</u></u>	<u><u>\$ 1,769,893</u></u>	<u><u>\$ 29,182</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,799,075</u></u>

**MONTESSORI ACADEMY AT GEIST, INC.  
OTHER REPORT  
JUNE 30, 2021**

The reports presented herein were prepared in addition to another official report prepared for the School as listed below:

Supplemental Audit Report of Montessori Academy at Geist, Inc.

The Supplemental Audit Report contains the results of compliance testing required by the Indiana State Board of Accounts under its *Guidelines for the Audits of Charter Schools Performed by Private Examiners* pertaining to matters addressed in its *Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools*.

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